




**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

December 10, 2013

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe 
Auditor-Controller

SUBJECT: **CONTRACTOR ALERT REPORTING DATABASE – IMPLEMENTATION
STATUS REPORT**

In July 2011, at the direction of your Board, and in conjunction with eight other County departments, the Auditor-Controller (A-C) implemented the Contractor Alert Reporting Database (CARD). This report provides for an implementation status and the future enhancement plan.

IMPLEMENTATION STATUS

CARD History

As you know, there are approximately 9,000 active contracts, totaling \$22.9 billion cumulatively. The County, as a whole, did not have a mechanism to share information on poorly performing contractors among departments. As a result, contractors are generally lack of accountability, were not always willing to repay overbillings, reluctant to correct noted deficiencies, and not consistently complying with contract requirements. Statistically, 85% of the contractors had compliance issues.¹

Your Board requested a centralized online database tool for departments to share and track contractor performance information. You requested to place contractors with noted deficiencies, including overbillings, non-compliance with contract terms, financial

¹ In Fiscal Year 2012-13, A-C audited over 100 contractors, approximately 85% had contract compliance issues; A-C also identified approximately \$4 million in overbillings by the contractors.

distress/going concern issues, among other contract violations in a shared environment, so that all County departments are alerted on poorly performing contractors. Using the existing County enterprise-based system (eCAPS) and resources, CARD was implemented and rolled-out Countywide in July 2011.

Key Project Benefits

The following outlines a few key benefits after CARD's full implementation:

- It ensures departments' contract staff are notified of all contractors placed in the system, which enables them to react quickly if the problems noted could jeopardize one of their contracts;
- It ensures departments are aware of contractors with performance issues before awarding new contracts to problem contractors;
- It provides for a better tool to assist the departments in determining the type and extent of problems they have experienced with contractors. County contract policy now includes a requirement for departments to review CARD while evaluating contract proposals. Accordingly, they may deduct points from their proposals based on the number of unresolved issues in CARD.

Key Project Achievements

We developed and distributed a User Manual, with requirements, departmental responsibilities, and instructions for navigating CARD to all County departments. We also provided training to over 400 County managers and staff and recommended departments to provide contract staff with appropriate access. To date, a total of 421 County employees have access to the system.

Implementation Results

We recently surveyed 20 County departments for feedback and to determine if they were utilizing the system and the User Manual. We also reviewed the current status of 27 contractors who were recommended for placement in the system, either by our office or by other County department's management.

In general, the departments surveyed indicated that CARD is effective in deterring poor contractor performance. The departments also believe that its functionality is appropriate and the User Manual is effective in helping to navigate through the established "due process", which includes providing the contractors one last opportunity to correct deficiencies to avoid being placed in CARD. Four departments requested additional training and we received suggestions for updates to the User Manual.

Based on discussions with contract staff in several County departments, we learned that some departments were not aware that CARD is a mandatory system to be used by all

County departments. A-C staff assisted these departments by ensuring their staff were given appropriate and applicable access to the system and we remain available to provide additional training and to respond to related inquiries.

Contractors Recommended for CARD Placement

Since July 2011, 27 contractors were recommended for placement in CARD. The following is the current status for the 27 contractors:

- Fourteen contractors were placed in the system.
- For seven contractors, departments are drafting notification letters and obtaining departmental approval before sending the notices to the contractors.
- Four contractors implemented corrective action and were not placed in the system.
- One contractor has appealed to the State in accordance with Senate Bill 84 – Overpayment Recovery for Foster Care Providers. The department is awaiting the results of the appeal before initiating the notification and placement process.
- For one contractor, the department continues to evaluate whether the agency has implemented sufficient corrective action to avoid placement.

Attachment I identifies the 14 contractors that were placed in CARD.

FUTURE ENHANCEMENT PLAN

We will continue to work with each department to provide additional training, as needed, to their managers and staff. We will also update the User Manual to address questions and comments we received during our review. We will further highlight the requirement for departments to use CARD to report poorly performing contractors. Lastly, beginning in January 2014, we will provide monthly status reports to the Audit Committee on the current disposition of each contractor recommended for placement.

We thank all of the County departments that participated in our survey. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:AB:DC:AA:js

c: All Department Heads
Public Information Office
Audit Committee

**Contractors in the Contractor Alert Reporting Database
As of November 4, 2013**

#	Contractor	Department	Entry Date
1	Premier Building Maintenance	Internal Services Department	10/12/11
2	KC Building Maintenance, Inc.	Internal Services Department	4/11/12
3	Reliable Building Maintenance	Internal Services Department	4/11/12
4	Excel Family Intervention Program	Department of Children and Family Services	6/12/12
5	Community Union, Inc.	Department of Public Social Services	7/25/12
6	Center for Community and Family Services	Department of Public Social Services	1/15/13
7	Southern California Alcohol and Drug Programs, Inc.	Department of Public Social Services	4/18/13
8	Chicana Service Action Center	Department of Public Social Services	5/30/13
9	Wings of Refuge, Inc.	Department of Public Social Services	5/30/13
10	West San Gabriel Valley Consortium	Community and Senior Services	6/3/13
11	Wiztech, Inc.	Internal Services Department	6/13/13
12	Key Disposal, Inc.	Internal Services Department	6/26/13
13	All For Health, Health For All, Inc.	Department of Public Social Services	10/23/13
14	Women Alive Coalition	Department of Public Health	10/28/13